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April 25, 2006

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, Massachusetts 02110

Re: Bay State Gas Company, D.T.E. 06-07

Dear Ms. Cottrell:

Enclosed for filing in the above referenced docket, are Bay State Gas Company's ("Company") responses to the following Record Requests issued by the Office of the Attorney General during the hearing on April 18th:

RR-AG-1 RR-AG-2 RR-AG-3 RR-AG-4

If you have any questions, please do not hesitate to call me at (508) 836-7394.

Sincerely,

Patricia M. French

cc: Denise Desautels, Hearing Officer (3 copies)
Jamie Tosches, Esq., Assistant Attorney General (4 copies)
Francisco C. DaFonte, NiSource

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
RECORD REQUESTS FROM THE ATTORNEY GENERAL
D.T.E. 06-7

Date: April 25, 2006

Witness Responsible: Francisco C. DaFonte
Director, Energy Supply Services

RR-AG-1: Please indicate for the SENDOUT analysis whether the results of the five-year analysis are discounted cash flows, what the discount rate is, and how the Company determined the appropriate discount rate.

RESPONSE: The SENDOUT model run that selects the best alternative available along with the appropriate amount of capacity from that alternative includes a discounted cash flow. See page 19 of CONFIDENTIAL Exhibit FCD-9, the Resource Mix model run, where the model selected the NEA option and specific capacity amounts beginning in November 2006. The discount rate used in making this selection is 8.22 percent which is the Company's allowed weighted average cost of capital or rate of return per D.T.E 05-27, the Company's most recent rate case proceeding. The Company has utilized its allowed rate of return consistently in its resource mix analyses since the inception of its use of the SENDOUT model, and the Department has accepted this approach.

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RR-AG-2: Please provide long-term normal and design seasonal forecasts for the period 2005-2006 through 2009-1020 in the format used in Attachment AG 2-3. In addition, describe how the design-day assumptions have changed in this forecast from those that were used in the Company's last IRP filing in D.T.E. 02-75.

RESPONSE: Attachment RR-AG-2 includes the normal and design seasonal demand forecasts, by delivering pipeline, for the 2005-2006 through 2009-2010 period. As presented in Attachment AG 2-3, the Company has included the estimates for Total Demand, Grand-fathered Transportation and Net Demand. The growth rate assumed in this forecast is 1.0 percent per year, which is lower than the growth rate of 1.5 percent assumed in the Company's last Forecast and Supply Plan proceeding, D.T.E. 02-75.

Also, the initial period in this forecast, 2005-2006, includes a total and net demand forecast different from that used for the 2005-2006 period forecast in D.T.E. 02-75. The difference is due to actual demand data obtained by the Company since 2002, the year it prepared the forecast in D.T.E. 02-75.

See Company response to DTE 1-4 for further explanation of these differences and the difference in design day assumptions.

Bay State Gas Demand Forecast

November Through March

	Brockton/Division					Springfield/Lawrence Division					Total Bay State				
	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
Normal Weather															
Total Demand	15,694,149	15,851,080	16,009,590	16,169,670	16,331,400	16,654,218	16,820,760	16,988,470	17,157,760	17,328,760	32,348,366	32,671,850	32,998,060	33,327,430	33,660,160
Grandfathered Transportation	1,681,386	1,698,200	1,715,170	1,732,310	1,749,660	3,098,228	3,129,210	3,160,520	3,192,120	3,224,040	4,779,614	4,827,410	4,875,690	4,924,430	4,973,700
Net Demand	14,012,762	14,152,880	14,294,420	14,437,360	14,581,740	13,555,990	13,691,550	13,827,950	13,965,640	14,104,720	27,568,752	27,844,440	28,122,370	28,403,000	28,686,460
	Brockton/Division					Springfield/Lawrence Division					Total Bay State				
	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
Design Weather															
Total Demand	17,072,871	17,243,600	17,416,000	17,590,140	17,766,070	17,951,683	18,131,200	18,311,960	18,494,510	18,678,840	35,024,554	35,374,800	35,727,960	36,084,650	36,444,910
Grandfathered Transportation	1,596,703	1,612,670	1,628,790	1,645,060	1,661,530	3,098,228	3,129,210	3,160,520	3,192,120	3,224,040	4,694,931	4,741,880	4,789,310	4,837,180	4,885,570
Net Demand	15,476,168	15,630,930	15,787,210	15,945,080	16,104,540	14,853,455	15,001,990	15,151,440	15,302,390	15,454,800	30,329,624	30,632,920	30,938,650	31,247,470	31,559,340

April Through October

	Brockton/Division					Springfield/Lawrence Division					Total Bay State				
	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
Total Demand	6,952,446	7,021,970	7,092,160	7,163,080	7,234,700	11,237,792	11,350,170	11,462,890	11,576,680	11,691,630	18,190,238	18,372,140	18,555,050	18,739,770	18,926,330
Grandfathered Transportation	1,185,337	1,197,190	1,209,140	1,221,230	1,233,440	5,294,366	5,347,310	5,400,800	5,454,800	5,509,330	6,479,703	6,544,500	6,609,940	6,676,030	6,742,770
Net Demand	5,767,109	5,824,780	5,883,020	5,941,850	6,001,260	5,943,426	6,002,860	6,062,090	6,121,880	6,182,300	11,710,535	11,827,640	11,945,110	12,063,740	12,183,560

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Date: April 25, 2006

Witness Responsible: Francisco C. DaFonte
Director, Energy Supply Services

RR-AG-3: Please provide the current maximum tariff rate for Algonquin's X-35 capacity.

RESPONSE: The current maximum rate for this service is \$10.2027 per Dth of MDQ.

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Director, Energy Supply Services

RR-AG-4: Please provide any internal or external analysis performed regarding the contract provisions within Article 7 of Attachment AG 2-1 (B).

RESPONSE: The Company concludes that Article VII is no longer in effect. See Attachment RR-AG-4, a letter from NEA confirming this conclusion.

ESI Northeast Energy GP, Inc.

700 Universe Boulevard, P.O. Box 14000, Juno Beach, FL 33408

April 21, 2006

Bay State Gas Company
300 Friberg Parkway
Westborough, Massachusetts 01581-5039

Attention: Mr. Don Tulchinsky, Analyst - Energy Supply Services

Re: Firm Transportation Service Agreement
Dated February 28, 1994

Ladies and Gentlemen:

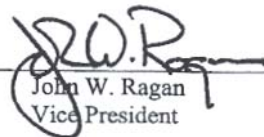
With regard to the release of capacity by Northeast Energy Associates ("NEA") under the above-referenced Transportation Agreement between Dominion Transmission, Inc., successor-in-interest to CNG Transmission Corporation, and NEA to Bay State Gas Company ("BSG") and the related application by BSG for approval of the capacity release and associated purchase transaction from the Massachusetts Department of Telecommunications and Energy, BSG has requested clarification regarding the role of ProGas USA and ProGas Limited (collectively, "ProGas") as set forth in Article VII of the Transportation Agreement. Although ProGas was initially a party to the Transportation Agreement for the limited purposes of shipping quantities of gas associated with the purchase of gas from NEA under other agreements, when such underlying sales and purchase agreements were terminated as of November 1, 2005, any rights of ProGas under the Transportation Agreement were rendered null and void, and Article VII of the Transportation Agreement has no further force and effect.

Should you have any questions, please do not hesitate to call me.

Very truly yours,

Northeast Energy Associates, A Limited Partnership
By its General Partner, Northeast Energy, LP
By ESI Northeast Energy GP, Inc., its
General Partner

By


John W. Ragan
Vice President